

Service Date: June 19, 1984

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Second Investi-)
gation of INTRASTATE ACCESS)
CHARGES For Telecommunications.)

UTILITY DIVISION
DOCKET NO. 84.4.15
INTERIM ORDER NO. 5055a

FINDINGS OF FACT

1. On November 10, 1983 the Commission issued Order No. 5018a in Docket No. 83.6.47, the Commission's first investigation into intrastate access charges. The Findings of Fact of that Order directed companies to implement carrier access charges which mirror the interstate carrier charges and to shift 10 percent of NTS revenue requirements from MTS rates to a state customer access line charge (CALC).

2. Since the issuance of Order No. 5018a the Federal Communications Commission (FCC) has made numerous modifications to its access charge plan. At the time Order No. 5018a was issued the FCC's access charge plan contemplated CALC's on all end users¹. The Commission's order found that the state CALC's established therein were to become effective at the same time the FCC made federal CALC's effective. The FCC has since modified its plan to impose CALC's on multi-line business end users only. Therefore, the question arises as to whether the implementation of interstate CALC's on

¹ The term "end users" is used here to denote a direct charge to access subscribers other than carriers. In reality it is not clear if any of the total telecommunications costs are not assessed to end users in some combination of access, usage, and nonrecurring service charges.

multi-line end users triggers implementation of state CALC's on all end users, multi-line business end users, or no end users.

3. The FCC has also modified the level of the carrier access charges. Order No. 5018a set forth that if the FCC ultimately modified the interstate carrier access charges the Commission reserved the right to adopt similar modifications to intrastate carrier access charges. The question therefore arises as to which set of interstate carrier access charges should be mirrored for intrastate purposes.

4. On May 1, 1984 the Commission initiated Docket No. 84.4.15 for the purpose of further investigating access charges. The Commission identified the two areas discussed above as possibly needing clarification and issued a notice requesting comments on how these areas should be interpreted pending completion of the Commission's investigation. Comments were received from AT&T Communications of the Mountain States, Inc. (ATTCOM), the Montana Consumer Counsel (MCC), General Telephone of the Northwest, Inc. (GTNW), Mountain Bell (MB), Northwestern Telephone Systems, Inc. (NWT) and the Rural Montana Telephone Systems (RMTS).

5. The majority of commenting parties advocate mirroring the revised interstate tariffs which went into effect on May 25. ATTCOM proposes a mirroring of traffic sensitive charges but argues that the common line portion should reflect a level less than that found in the FCC charges. In Order No. 5018a the Commission found persuasive arguments for mirroring the interstate carrier access tariffs. Those arguments are equally valid today. The administrative costs of billing under two sets of tariffs, neither of which have been shown to represent Montana costs, are unjustified. Further reason to mirror the revised interstate tariffs exists in the fact the

FCC found the tariffs currently on file in Montana to be unacceptable. ATTCOM commented that it would be possible to maintain a different carrier common line charge for intrastate access charge without encountering burdensome administrative or billing problems. Even assuming this to be true there is no basis at this time for a carrier common line charge at any level different from the interstate charge. To the extent that such a charge is justified it will have to be developed in this second access charge proceeding. The Commission finds that for interim purposes the most recent interstate carrier access tariffs should be mirrored for intrastate purposes.

6. Order No. 5018a authorized Mountain Bell to calculate a "bulk billing" to AT&T Communications based on its loss of support (i.e. subsidy) due to loss of interLATA services at divestiture. The bulk bill was established as a temporary measure which would cease at the time CALC's were implemented. Mountain Bell, GTNW and NWT advocate continuing this arrangement. Mountain Bell's comments reflect the fact that the revised interstate tariffs should approximate the original tariffs plus the bulk bill. Mountain Bell has now revised the budget that was used to calculate the bulk bill. For these reasons, the Commission finds that the bulk billing arrangement is no longer needed or appropriate.

7. All parties except NWT which commented on the implementation of a state CALC recommended that the Commission not implement a CALC at this time -- especially not on multi-line business. ATTCOM argues that although the structure of "end users" charges is an issue, beyond their operations, the transitional transfer of NTS costs to NTS rate elements is valid and should be implemented as provided in Order No. 5018a. It needs to be pointed out that implementation of a CALC is not a separate issue. The real

issue is at what level should interexchange usage "support" network access. Or rather, how much of the embedded exchange access costs should be reflected in interexchange usage rates. The FCC determined that the interstate usage rates should be recovering less of the nontraffic sensitive exchange access costs. For jurisdictional reasons the FCC cannot decrease usage rates and increase exchange access rates. Therefore, the FCC developed a CALC. The concept of a CALC is not needed on the state level and simply adds confusion to an already complex area. Changes in exchange access and interexchange usage prices can be made directly without the introduction of a State CALC. However, preliminary numbers seem to indicate that if the revised interstate carrier charges are mirrored there should not be a need for any exchange access price increases. If this assumption proves incorrect for any company, that company may apply to the Commission for an increase in rates.

8. Mountain Bell proposed that the directory assistance charges in the interstate tariffs not be reflected in the intrastate carrier access tariff because MB's general exchange tariffs already contain such charges, and duplication is unnecessary. The Commission accepts this proposal.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission properly exercises jurisdiction over the investor-owned telephone companies providing telephone service in Montana pursuant to Title 69, Chapter 3, MCA. The telephone cooperative companies who participated in this docket have done so voluntarily with the understanding that such participation in no way confers jurisdiction over their operations.

2. The intrastate access charges approved herein are just and reasonable and constitute a proper exercise of the Commission's authority to implement interim rates pending hearing and final resolution of a docket.

ORDER

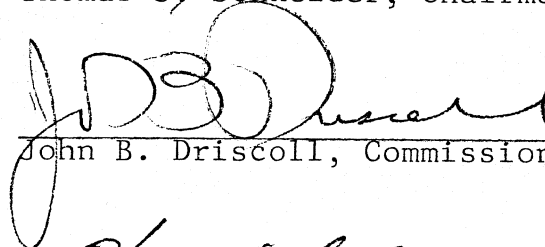
1. All jurisdictional exchange carriers who charge other companies carrier access tariffs shall file tariffs which mirror the revised interstate tariffs by June 29, 1984.


2. These tariffs will be effective June 18, 1984.

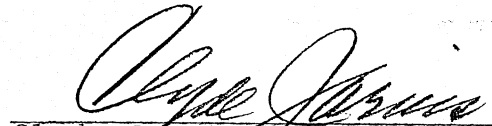
DONE IN OPEN SESSION at Helena, Montana this 18th day of June, 1984
by a vote of 5-0.

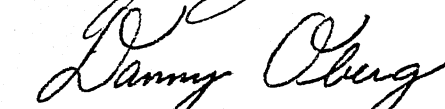
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.


Thomas J. Schneider, Chairman



John B. Driscoll, Commissioner


Howard L. Ellis, Commissioner


Clyde Jarvis, Commissioner


Danny Oberg, Commissioner

ATTEST:


Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.